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PROGRAM Larry Birns Show

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(Guest: John W. Gardner, president of Carnegie Corporation)

LARRY BIRNS: "The Carnegie Corporation is one of the major foundations operating in the United States. Along with Ford and Rockefeller, it is thought of as being one of the biggest three in the foundation field.

"In continuing our series of programs on non-profit American institutions serving the international community, I recently took the WBAI tape recorder to the Carnegie Corporation's headquarters on Fifth Avenue in Manhattan, where I had the good fortune to interview the corporation's distinguished president, Mr. John Gardner.

"Author, State Department consultant and recent recipient of the Medal of Freedom, bestowed upon him at the White House by President Johnson, John Gardner honored Pacifica by appearing before its microphones. I think that you might find Mr. Gardner's statement on the alleged use of foundations as fronts by the CIA of some interest.

"Mr. Gardner, could you tell us a bit about the work of the foundation?"

JOHN W. GARDNER: "Well, the Carnegie Foundation has been interested in international fields since its founding. Mr. Carnegie himself was a man with a very deep concern for international affairs, deep concern that war be prevented, and a sense of the importance of international affairs to our future. We have remained faithful to his concern ever since we began."

BIRNS: "Mr. Gardner, what kinds of things a foundation does

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could not be done by, let us say, the national government?"

GARDNER: "I don't think there's anything a foundation does that couldn't be done by the national government if it were your inclination to have the kind of society in which the government does everything. That is not our inclination in this country, never has been.

"We have very strongly favored the notion that there should be a pluralistic approach to these things, that there's a strong private sector, particularly in the intellectual world, which carries on its activities independently of government, and the foundations are part of that private sector. More specifically, traditionally a part of the academic, intellectual world and this is how we see ourselves."

BIRNS: "There's been a recent flurry of discomfort over the role of foundations. A number of days ago there was a newspaper story that the CIA used some foundations as fronts. Also, Congressman Patman has been criticizing foundations as being poorly administered and not justifying their tax-exempt status. I wonder whether you'd care to comment on both of these recent criticisms of foundation work."

GARDNER: "Well, let me start with the Patman criticisms. I will not comment extensively on them except to say that the most vivid example of mismanagement were examples among foundations that are very little known to the public -- the reputable leading foundations came through very well in this Patman investigation, in my opinion.

"He raised a considerable number of points about them, but I do not regard any of the points as conclusive evidence of mismanagement. I think this is a general opinion. He did find some impressive examples of peculiar behavior among certain little known foundations.

"Now, I'm not in a position to comment on the accuracy of his allegations that the CIA has channeled funds through foundations. I can't comment on that, obviously. I have a point of view though."

BIRNS: "We'd be very glad to hear that point of view."

GARDNER: "And it's a very emphatic one. In my opinion it would be most regrettable if any government agency or any other agency used the foundations as channels or short-term activities of an intelligence variety or any other variety that was at odds with the basic purposes of foundations."

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BIRNS: "This would undermine the long range utility of foundations in developing grounds for trust and reliance on the part of foreign countries looking upon foundations as not merely appendages of the United States Government but institutions with their own integrity and point of view."

GARDNER: "They're not only institutions with their own integrity, but they are representatives of this country in a very broad and good sense. Representatives of the foundations are respected and trusted throughout the world."

"They've gained reputations for honest dealing, for openness, for straightforwardness, for benevolence of motive, and it seems to me that only a very short term conception of our national interest would allow any agency to put this reputation in jeopardy in pursuit of its own purposes."

BIRNS: "Mr. Gardner, I imagine that the institution of a foundation is not a typical institution in many foreign countries. Have you found any problem in going to, let us say, the new African and Asian nations and having them not understand what you're trying to do?"

GARDNER: "Most of these nations find it relatively easy to deal with the foundations, to get along with them. As I said, this is a reputation that's been built arduously over 50 years. These people trust us. They're willing to work with us. They're willing to accept the kind of assistance that only a foundation can give, which is relatively disinterested, long-term concern for their basic problems."

BIRNS: "Do you have any recurrent problems or difficulties with the federal government?"

GARDNER: "I don't think that we do. We are, of course, working in many fields that the federal government is working in. We keep in touch with government agencies when our programs overlap. The interchange is friendly, we treasure our independence. We are sometimes at odds with their views on things, but we feel that fundamentally we're all working toward similar objectives, and we -- I think we get along quite well."

BIRNS: "Has the role of the foundation changed in recent years? Was there a time when a traditional pattern of behavior could be counted on and with the passage of years dramatic new forms of foundation behavior has occurred? Has this happened?"

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GARDNER: "Well, I don't think there's any fundamental change since the emergence of what I would call the modern foundation, which is around the first decade of this century. I think when they came into existence they very soon established what is now the pattern among the leading, the best known the most reputable foundations. And this is a pattern of planned innovation in behalf of objectives that essentially most Americans would agree on heartily."

BIRNS: "Mr. Gardner, what are the resources of the Carnegie Foundation in terms of money?"

GARDNER: "Our capital fund runs presently at about \$325,000,000 market value, and we spend approximately \$11,000,000 to \$12,000,000 a year. We're allowed to spend only income."

BIRNS: "How does this compare to the Ford Foundation?"

GARDNER: "I can't tell you. The Ford Foundation is a great deal bigger."

BIRNS: "Several billion dollars?"

GARDNER: "I believe so."

BIRNS: "Now, how would your work differ from the work of the Ford Foundation?"

GARDNER: "Well, we have the same objectives -- very much the same way of looking at things. There are two chief differences.

"One is of size. The Ford Foundation is a very large organization, with a very large task of giving away a great deal of money. This forces on them another style of operating. We're able to do a great deal more hand-tailored giving, so to speak, dealing on a modest basis and fairly intimate basis with certain number of people who receive our grants.

"The other difference is also a difference between us and the Rockefeller Foundation. Both Ford and Rockefeller have large operating programs, programs which they run themselves. We simply find checks and give money to other people to run programs. In other words, we're almost entirely a grant-making operation and not an operating organization.

"Both Ford and Rockefeller conduct their own programs overseas for example, they will have large scale agricultural programs run by Ford or Rockefeller employees. We don't have such operations."

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BIRNS: "Does your corporation charter decree that you follow this kind of practice? Is this an internal decision of the corporation itself?"

GARDNER: "This is an internal decision."

BIRNS: "Why would the foundation make this kind of decision and follow a policy from the Rockefeller and Ford Foundations? What are some of the reasons for this?"

GARDNER: "I don't know the original reasons. I know why I do not choose to change it which I could if I wanted to. I suppose that our trustees would go along with a considerably increased development of our operating program. But I feel that we keep ourselves very much more flexible by staying strictly in the grant-making position. It means that we can shift fields, it means that each year we can look the problems areas over and decide where we're going to put our money. We don't have heavy overhead in large staffs or large programs that must be kept going."

BIRNS: "Does this indicate a long term reluctance to commit one's self to long term responsibilities?"

GARDNER: "No, it's just a philosophy of operating. You can do very well with either pattern, and it's just which you prefer."

BIRNS: "Could you tell us a bit about recent activities of the Carnegie Corporation -- some of the programs it has recently sponsored?"

GARDNER: "Yes. Well, let's look at this problem facing anyone who cares about international affairs, and our effective functioning in a very complex and dangerous world.

"I've mentioned one, which is research. Somebody must support the research that will enable us to know more about the kinds of problems we're struggling with. Let me give you an example there.

"The modernization of the developing countries. This is really one of the great challenges of this generation. Not last generation. This is a problem for our day and our moment. It's a little like the civil rights problem. It's a problem that has ripened at this time. Here is a tremendous portion of the world waking up, facing the task of -- of breaking out of old patterns of behavior and modernizing and developing themselves politically, economically, socially, so that they can live in the modern world.

"And it's not really a choice. I mean, the modern world won't

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allow them to be as they were. They have to move ahead somehow. How are we going to do it? We're pouring money into it, but money alone won't solve it. We've discovered that. Fifteen years of pouring out money is ample evidence that just spreading a layer of money over the problem won't solve it.

"We've got to understand what the problem is, how we go about getting at it, what aspects of society will yield what kinds of modernizing influences. This takes research. I don't think there's any -- anything more widely recognized now about the problem of foreign aid than that we need effective research. And in fact the aid organization itself has recently set up a very good research program.

"Now, the other major feature of any program designed to improve our international affairs is teaching. You've got to have a very large corps. As you may know, there are more than 100,000 Americans overseas dealing with various activities of an international nature. Relatively few of these people have been prepared for the duties they are now performing. And a good many of them suffer in their performance because they haven't been adequately prepared.

"We need to learn how to train people for overseas careers, we need to train a corps of researchers, of professors, of people who will teach international relations in our colleges and universities.

"Well, we've addressed ourselves to these problems one after the other. On the teaching side, by the way, the biggest problem is the problem of creating an informed citizenry. I don't know any person in Washington dealing with international affairs, and I've known most of them over the past 15 years, 20 years, I don't know one of them who doesn't put almost at the top of the list the importance of a popular understanding of some of our basic problems and goals in international affairs.

"The Thing that worries them is that with all the expertness at the top, with all the careful and intricate dealing with these problems, they may not have the support of a populace that simply isn't prepared to understand problems of this complexity. Somebody's got to do this."

BIRNS: "What kinds of things are you doing to reduce this lag between the expertise at the top and the average citizen who has only fragmented time and haphazard attention to the international events as they come along one by one?"

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GARDNER: "Well, we work mainly at the level of developing effective information on these problems. Research, books, text books, college courses. We do relatively little in the matter of directly educating the people. We do a great deal in educating the people who will educate the people. You see, I mean we do a great deal to provide the kind of material that newspaper editors can turn to, that television reporters can turn to, that college professors can turn to, that high school teachers can turn to when they want to know what the facts are about Africa, or the developing countries, or international economics, international law, whatever."

BIRNS: "Mr. Gardner, taking a hypothetical research project could you trace it from its inception to its fruition? We'd like to know how a foundation makes a grant for a research project."

GARDNER: "There's no typical research project. They vary tremendously. Sometimes a man comes in with a very vague idea, but he's an extremely good man with a fine reputation and we will support him because of his excellent reputation and background, even though the idea is relatively vague. And often very good research ideas are vague. The best researchers, the most imaginative researchers, are following their curiosity. They don't always know where it will lead."

"Sometimes the project is extremely well formulated. A man may come in and say that the language tests which are available are inadequate and that he has a means of developing a more effective test. We may support him to do the research that will make that possible."

"Let me give you a completely different kind of example. In the late 1950's the Nigerian government came to us with the proposal that a study made of their needs for post-high school education."

"After a good many conversations with the British, with the Nigerian government, with our own government officials, we assisted them to set up an Anglo-American-Nigerian commission on post-secondary education. We got Eric Ashby, an outstanding English authority on these matters, to make the study, and he did a study which has in effect shaped Nigerian post-high school education over the past six or eight years. This was a landmark."

"Just as they became an independent nation, the study was done and was ready to be put before the people, and was received with great enthusiasm."

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"So as you can see, research projects come from different sources. Sometimes it's an individual, sometimes an institution. There isn't any single pattern."

BIRNS: "With the gradual disappearance of the great American fortunes and the prospects that a four or five hundred million dollar foundation will not too often be created in future years, do you look upon foundations playing a smaller role vis-a-vis the ever-expanding national budget than it has played in the past?"

GARDNER: "I am not sure whether you're correct in your assumption that the large fortunes are disappearing. The record of recent years is that large foundations are still being created at a pretty good rate. But certainly the long-term prospect is that the foundations will play every modest role as compared with the governmental sector of our society.

"It's particularly ironic, you know, that some of the attacks on the foundation feature the great size of the Ford Foundation. They say, 'Why this is too big.' Well, now it is quite big. But when you compare it with the federal government, the really vast programs, the Ford Foundation is a modest operation. And for my part I would say we should be thankful that there are still in the private sector a few centers of strength that carry some weight and that can be a significant factor vis-a-vis the government. And I know that a good many of the most thoughtful people in government feel that way, too.

"They're happy that in the private sector there are independent centers of initiative that can still do major jobs of the sort that government is increasingly doing."

BIRNS: "One great answer that the foundation has to confront at all times is that the personal decision of an individual has decreed that his money will go to a foundation rather than to federal government in inheritance taxes. Under national revenue legislation a person's entitled to do this. Now, the question is, are these enormous foundations -- are there are foundations that are relatively controversial, like the H.L. Hunt Foundation in Texas -- are these foundations justifying their tax-exempt structure? This seems to be the genesis of much criticism of large foundations today."

GARDNER: "Yes. Well, the people who argue that the tax exemption is really unjustified because it allows individuals to make decisions that are not monitored by government, so to speak,

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are really not examining the alternatives very carefully. Because if you move to the alternative, and you say this is really the people's money and the people ought to share in that decision as to where that money goes, what right has the individual to say that this money should go into a foundation and be protected from tax exemption?

"You're then talking about the people deciding whether university programs should be tax exempt because they're tax exempt under the very same provisions. The foundation is indistinguishable in legislation from the universities and the churches and the other tax exempt activities. It's a range of activities which Congress has said is sufficiently worthy so it can be tax exempt.

"Now if you want the Congress of the United States or the representatives of the people to look over all of the university programs and say no, we don't like what they're teaching, so they shouldn't be tax exempt, look into the churches and say, no, we don't think that they have the right to be tax exempt because they're not teaching the religion that the majority of the American people approve of, you're going down a very dangerous path.

"These tax exemptions were created with a recognition that they would be used for varying purposes and that it was in the public interest that decisions be made independently of a central source."

BIRNS: "Mr. Gardner, turning to another matter, are you happy with the health of the instruction of international relations in the college classroom? And I'm not now just speaking of the large Eastern university college classroom, but I'm speaking of the small college campus in the Midwest and the South and the Southwest."

GARDNER: "Well, from what we know of it, and I think we know a good deal, it has improved enormously -- almost unbelievably -- in the past 20 years. The whole subject of international relations, the rise of interest in the rest of the world has been extremely rapid. More good men have gone into the teaching of this field, there is a flow of first class research that there never was before, the men who are teaching it are in better touch with what is going on in the world.

"The prevalence of the university programs overseas has meant that a very large number of professors are now in our classrooms after a period of service overseas. They're men who have done a job in the foreign aid program, and who have done a job in an American embassy or for USIA or they have been Fulbright grantees. They've lived abroad. They've seen the problems and many of them have war service, and in general I'd say we're far ahead of where

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we were 15 years ago.

"Now this doesn't mean we can be complacent. This is a terribly expensive and difficult job to keep a corps of college professors throughout 2,000 institutions who are really in realistic touch with foreign affairs. It means they must get out periodically, and that's expensive. If they're teaching about Africa they've got to get to Africa every once in a while.

"There's always the danger that they'll be teaching about yesterday's problems instead of today's and tomorrow's problems. So it isn't easy, but I do think we have made considerable gains."

BIRNS: "It has been said that very often it is the well known researcher and the man close to government agencies who has the opportunity to go overseas, and the average teacher teaching in the college classrooms, a not particularly well known college classroom, has never really benefited from either governmental or foundation programs of various types."

GARDNER: "I think this is simply untrue. The Ford Foundation made a series of grants -- I think \$600,000,000 -- to liberal arts colleges which benefits all college professors through their salaries, and I can't think of a more intimate way of benefiting someone, far better than a grant, because a grant is usually for some specified purpose..."

BIRNS: "...and runs out."

GARDNER: "Exactly. But a raise in salary is your own discretion to spend, as you see fit. I think that foundation grants have done a great deal to benefit all people teaching in the colleges. Now it is true that when the government and when the foundations are setting about solving a specific problem, they naturally turn to certain leading professors. And the leading universities tend to get the bulk of such grants. But I certainly don't think it's true that the average person teaching in a college classroom has not benefited. He has, very greatly."

BIRNS: "Mr. Gardner, perhaps as a last question we could ask you what kinds of problems do you anticipate for this and other foundations will be facing, let us say, in a decade from now?"

GARDNER: "Well, I think that the most serious problem that any foundation in the pattern of Carnegie or Ford or Rockefeller faces is to be wise enough, creative enough, capable of seeing ahead, capable of seeing its -- where its kind of money can be used effectively.

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"Now what do I mean by its kind of money? The Carnegie Corporation has \$11,000,000 a year to spend which is after all a very small sum in the modern world. But the beautiful thing is that it is absolutely flexible. It doesn't have to be used to pay a large overhead, it doesn't have to be used to support a large going program. It can be turned to the problems of the moment.

"The problem of a creative person, or the problem of a new idea, that rises to the surface, is to get a piece of the fixed budget of some institution. And the man with the new idea goes in to the dean or the president, or whoever -- the director of the laboratory..."

BIRNS: "Or just walks into your door?"

GARDNER: "I'm first talking about the case of the man who doesn't come to a foundation. He comes to the director of his laboratory, or to his dean, and the dean says, 'Gee, it's a great idea, but look at my budget. It's committed. I can't cut other people to help you. We've got such and such projects going, and we can't walk out on them.

"When he walks in our door, we don't have that heavy weight of fixed commitment. We're in business to deal with the unexpected idea, the innovation, the scheme that someone has this year that they didn't have last year. This to me is one of the most important things about a foundation."

BIRNS: "Mr. Gardner, thank you very much.

"That was John Gardner, president of the Carnegie Corporation. This is Lawrence Birns. Thank you."

ANNOUNCER: "That interview by Lawrence Birns was pre-recorded."

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